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MEMORANDUM FOR: B. F. McMahon, Jr.  
Commander, U.S. Navy  
Executive Assistant to  
DCI-Designate

FROM:   
Special Assistant to the DCI

SUBJECT: Admiral Turner's Question re the Chapter of the  
Church Committee's Report Which Concerns the  
"Organization of the Intelligence Community  
as a Whole"

1. Attached are excerpts from the Church Committee Report which discuss the organization of the Intelligence Community: Chapter "E: The Director of Central Intelligence" and Chapter "G: Reorganization of the Intelligence Community." What follows is a brief summary of these two chapters and their recommendations, as well as some comments on what we understand to be the current views of the SSCI (Inouye Committee) on the same subjects.

2. Chapter E considers the DCI in his three roles as coordinator of the Intelligence Community, producer of National Intelligence, and head of the CIA.

-a. DCI as coordinator: the Committee comments that the DCI is not in a position to command the different departments and agencies concerned with intelligence to respond to the needs of policymakers because he lacks authority to allocate intelligence resources. The Committee supports the CFI concept but wonders if the CFI can be effective--for example, in enabling the DCI to review tactical military intelligence operations--without modification of the peacetime authority of the Secretary of Defense.

b. DCI as producer of National Intelligence: the Committee comments that the DCI faces obstacles in ensuring objectivity in his national intelligence judgments because of "pressures

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advantages and potential disadvantages of this latter proposition, and concludes with a recommendation that the appropriate Congressional oversight committees study both questions.

5. We understand that the SSCI (Inouye Committee) continues the concern of the Church Committee regarding the DCI's roles as coordinator of the Community, producer of National Intelligence, and head of CIA. Some impressions gathered by the Intelligence Community Staff and the Office of Legislative Counsel regarding the thinking in the Inouye Committee include:

a. DCI as coordinator, or Community Resource Manager:

Although the Church Committee strongly endorsed this concept, it noted that shaping a committee process which respected the direct executive powers of both the Secretary of Defense and the DCI presented a problem. The Inouye Committee generally favors the CFI and the consolidated NFIP budget process which resulted from E.O. 11905. While the Church Committee recommended founding this process in legislation, the Inouye Committee wishes further testing of the existing process before taking a position on the question of legislation.

In addition, the Inouye Committee is interested in the DCI's power to establish Community collection requirements--already substantial in the imagery and SIGINT fields. Along with the House Appropriations Committee, the Inouye Committee would like to further investigate the question of DCI oversight of tactical military intelligence operations in order to eliminate wasteful duplication.

The Inouye Committee's Charters and Guidelines Subcommittee (Senator Hathaway) is drafting an "overall charter" for the Community and it is possible that proposed legislation could be ready by late spring. Also, the Carter Administration intends to review Community organization through a Policy Review Memorandum (PRM/NSC #11) which will examine the powers of the DCI to manage Community resources either through committee negotiation (as in the CFI's successor organization, the Policy Review Committee/Intelligence) or through direct executive authority, such as the DCI now has over the CIA.

b. DCI as producer of National Intelligence:

Given the fact that there is general agreement that the DCI should be the principal foreign intelligence adviser to the

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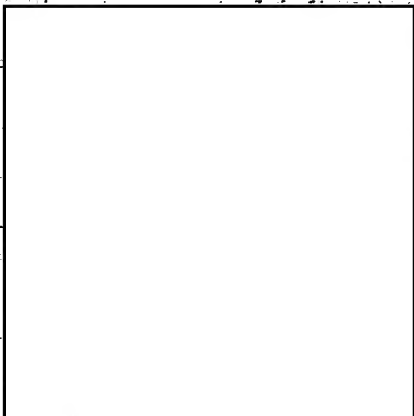
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first answer a more basic question: in his role as Community leader, how much of the DCI's authority should be directly executive and how much should be expressed through negotiation with other agencies and departments (primarily Defense) which retain executive control of particular national intelligence elements and programs?



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Attachment:  
As stated



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### (E) THE DIRECTOR OF CENTRAL INTELLIGENCE

The 1947 National Security Act gave the DCI responsibility for "coordinating the intelligence activities of the several Government departments and agencies in the interest of national security." In addition, the DCI as the President's principal foreign intelligence adviser was given responsibility for coordinating and producing national intelligence for senior policymakers. However, the Committee found that these DCI responsibilities have often conflicted with the particular interests and prerogatives of the other intelligence community departments and agencies. They have not given up control over their own intelligence operations, and in particular the Department of Defense and the military services, which allocate 80 percent of the direct costs for national intelligence, have insisted that they must exercise direct control over peacetime intelligence activities to prepare for war. Thus, while the DCI was given responsibility under the 1947 act for intelligence community activities, he was not authorized to centrally coordinate or manage the overall operations of the community.

#### 1. Coordinator of the Intelligence Community

The Committee has found that the DCI in his coordinator role has been unable to ensure that waste and unnecessary duplication are avoided. Because the DCI only provides guidance for intelligence collection and production, and does not establish requirements, he is not in a position to command the intelligence community to respond to the intelligence needs of national policymakers. Where the DCI has been able to define priorities, he has lacked authority to allocate intelligence resources—either among different systems of intelligence collection or among intelligence collection, analysis and finished intelligence production.

The Committee supports President Ford's objectives of enhancing the stature of the DCI and establishing a mechanism such as the Committee on Foreign Intelligence (CFI) with the DCI as chairman to control the allocation of national intelligence programs resources. The Committee questions, however, whether the CFI can be effective without some appropriate modification of the peacetime authority of the Secretary of Defense. In order to strike an appropriate balance between the requirements of national and tactical intelligence, the intelligence collected by national means should be readily available to the military commanders and vice versa, and the Secretary of Defense and the military services should retain direct control over the operations of tactical military intelligence. Nonetheless, the DCI needs the right to review tactical military intelligence operations in order to make budget choices between tactical and national intelligence activities. Moreover, to carry out his coordinating role, the DCI needs to retain control over major technical intelligence collection systems which service both tactical and national intelligence requirements.

#### 2. Producer of National Intelligence

In the area of providing finished intelligence, the Committee discovered that the DCI, in his role as intelligence adviser, has faced obstacles in ensuring that his national intelligence judgments are objective and independent of department and agency biases. The Committee

has been particularly concerned with pressures from both the White House and the Defense Department on the DCI to alter his intelligence judgments. One example of such pressure investigated by the Committee occurred in the fall of 1969 when the DCI modified his judgment on the capability of the Soviet SS-9 system when it conflicted with the public position of Secretary of Defense Laird. After a meeting with staff of the Office of the Secretary of Defense, Director Helms deleted a paragraph from the draft of the National Intelligence Estimate on Soviet strategic forces which stated that within the next five years it was "highly unlikely" that the Soviets would attempt to achieve "a first strike capability, i.e., a capability to launch a surprise attack against the United States with assurance that the U.S.S.R. would not itself receive damage it would regard as unacceptable."

The Committee believes that over the past five years the DCI's ability to produce objective national intelligence and resist outside pressure has been reduced with the dissolution of the independent Board of National Estimates and the subsequent delegation of its staff to the departments with responsibility for drafting the DCI's national intelligence judgments.

In the end, the DCI must depend on his position as the President's principal intelligence adviser or on his personal relationship with the President to carry out his various responsibilities and to withstand pressures to compromise his intelligence judgments. Consequently, the Committee has been concerned that the DCI's proximity and access to the President has diminished over the years. Since 1969, at least until the confirmation of Mr. Bush, the DCI has rarely seen the President except at NSC meetings. The influence a DCI could have from a close relationship with the President has generally been lacking.

While President Ford's Executive Order is a step in the right direction, the Committee believes that the DCI's responsibility over intelligence community activities should be enhanced and spelled out clearly and in detail in statute. The Executive should not continue defining these responsibilities alone as it has done since 1947 through Executive Orders and National Security Council Intelligence Directives (NSCIDs).

The Committee believes that the Congress, in carrying out its responsibilities in the area of national security policy, should have access to the full range of intelligence produced by the United States intelligence community. The Committee further believes that it should be possible to work out a means of ensuring that the DCI's national intelligence judgments are available to the appropriate Congressional committees on a regular basis without compromising the DCI's role as personal adviser to the President.

Finally, the Committee has found concern that the function of the DCI in his roles as intelligence community leader and principal intelligence adviser to the President is inconsistent with his responsibility to manage one of the intelligence community agencies—the CIA. Potential problems exist in a number of areas. Because the DCI as head of the CIA is responsible for human clandestine collection overseas, the development

and interception of technical collection systems, there is concern that the DCI as community leader is in "a conflict of interest" situation when ruling on the activities of the overall intelligence community.

The Committee is also concerned that the DCI's new span of control—both the entire intelligence community and the entire CIA—may be too great for him to exercise effective detailed supervision of clandestine activities.

#### Recommendations

16. By statute, the DCI should be established as the President's principal foreign intelligence adviser, with exclusive responsibility for producing national intelligence for the President and the Congress. For this purpose, the DCI should be empowered to establish a staff directly responsible to him to help prepare his national intelligence judgments and to coordinate the views of the other members of the intelligence community. The Committee recommends that the Director establish a board to include senior outside advisers to review intelligence products as necessary, thus helping to insulate the DCI from pressures to alter or modify his national intelligence judgments. To advise and assist the DCI in producing national intelligence, the DCI would also be empowered to draw on other elements of the intelligence community.

17. By statute, the DCI should be given responsibility and authority for establishing national intelligence requirements, preparing the national intelligence budget, and providing guidance for United States national intelligence program operations. In this capacity he should be designated as chairman of the appropriate NSC committee, such as the CFI, and should have the following powers and responsibilities:

a. The DCI should establish national intelligence requirements for the entire intelligence community. He should be empowered to draw on intelligence community representatives and others whom he may designate to assist him in establishing national intelligence requirements and determining the success of the various agencies in fulfilling them. The DCI should provide general guidance to the various intelligence agency directors for the management of intelligence operations.

b. The DCI should have responsibility for preparing the national intelligence program budget for presentation to the President and the Congress. The definition of what is to be included within that national intelligence program should be established by Congress in consultation with the Executive. In this capacity, the Director of Central Intelligence should be involved early in the budget cycle in preparing the budgets of the respective intelligence community agencies. The Director should have specific responsibility for choosing among the programs of the different collection and production agencies and departments and to insure against waste and unnecessary duplication. The DCI should also have responsibility for issuing fiscal guidance for the allocation of all national intelligence resources. The authority of the

DCI to reprogram funds within the intelligence budget should be defined by statute.<sup>18</sup>

c. In order to carry out his national intelligence responsibilities the DCI should have the authority to review all foreign and military intelligence activities and intelligence resource allocations, including tactical military intelligence which is the responsibility of the armed forces.<sup>19</sup>

d. The DCI should be authorized to establish an intelligence community staff to support him in carrying out his managerial responsibilities. This staff should be drawn from the best available talent within and outside the intelligence community.

e. In addition to these provisions concerning DCI control over national intelligence operations in peacetime, the statute should require establishment of a procedure to insure that in time of war the relevant national intelligence operations come under the control of the Secretary of Defense.

18. By statute, the position of Deputy Director of Central Intelligence for the intelligence community should be established as recommended in Executive Order 11905. This Deputy Director should be subject to Senate confirmation and would assume the DCI's intelligence community functions in the DCI's absence. Current provisions regarding the status of the DCI and his single deputy should be extended to cover the DCI and both deputies. Civilian control of the nation's intelligence is important; only one of the three could be a career military officer, active or retired.

19. The Committee recommends that the intelligence oversight committee(s) of Congress consider whether the Congress should appropriate the funds for the national intelligence budget to the DCI, rather than to the directors of the various intelligence agencies and departments.

20. By statute, the Director of Central Intelligence should serve at the pleasure of the President but for no more than ten years.

21. The Committee also recommends consideration of separating the DCI from direct responsibility over the CIA.<sup>22</sup>

#### F. THE CENTRAL INTELLIGENCE AGENCY

##### 1. The Charter for Intelligence Activities: Espionage, Counterintelligence and Covert Action

The Committee finds that the CIA's present charter, embodied in the National Security Act of 1947, the CIA Act of 1949, and the 1974 Hughes-Ryan amendments to the Foreign Assistance Act, is inadequate in a number of respects.

<sup>18</sup> "Reprogramming" means shifting money previously approved for one purpose to another use; for instance, from clandestine human collection to technical collection or covert action.

<sup>19</sup> In contrast to President Nixon's 1971 letter to Director Helms which asked the DCI to plan and review "... all intelligence activities including tactical intelligence and the allocation of all intelligence resources," President Ford's Executive Order 11905 states that "... neither the DCI nor the CFI shall have responsibility for tactical intelligence."

<sup>22</sup> [The DCI] shall: Ensure the development and submission of a budget for the National Foreign Intelligence Program to the CFI. (Executive Order 11905, Sec. 3(d)(iii).)

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Executive should continue to have the initiative in formulating covert action. It also strongly believes that the appropriate oversight bodies of Congress should be fully informed prior to the initiation of such actions.

Congressional power over the purse can serve as the most effective congressional oversight tool if there is the courage and the will to exercise it. In addition to the regular budget for covert action, the Agency draws on a Contingency Reserve Fund for unanticipated projects. Any withdrawals from this fund require approval from the Office of Management and Budget and notification, within 48 hours, to the appropriate congressional committees. The Committee believes that the Contingency Fund can also provide one of the mechanisms by which Congress can effectively control covert action.

#### Recommendations

35. The legislation establishing the charter for the Central Intelligence Agency should specify that the CIA is the only U.S. Government agency authorized to conduct covert actions. The purpose of covert actions should be to deal with grave threats to American security. Covert actions should be consistent with publicly-defined national foreign policy goals, and should be reserved for extraordinary circumstances when no other means will suffice. The legislation governing covert action should require executive branch procedures which will ensure careful and thorough consideration of both the general policies governing covert action and particular covert action projects; such procedures should require the participation and accountability of highest level policymakers.

36. The Committee has already recommended, following its investigation of alleged assassination attempts directed at foreign leaders, a statute to forbid such activities. The Committee reaffirms its support for such a statute and further recommends prohibiting the following covert activities by statute:

- All political assassinations;<sup>20</sup>
  - Efforts to subvert democratic governments;
  - Support for police or other internal security forces which engage in the systematic violation of human rights.
37. By statute, the appropriate NSC committee (e.g., the Operations Advisory Group) should review every covert action proposal, as review include:

— A careful and systematic analysis of the political premises underlying the recommended actions, as well as the nature, extent, purposes, risks, likelihood of success, and costs of the operation. Reasons explaining why the objective can

— The Committee endorses Executive Order 11055, of February 18, 1956, which states: "No employee of the United States Government shall engage in, or attempt to engage in, political assassination."

— Executive Order 11828, 2/18/76, established the Operations Advisory Group and directed it to "consider and develop a policy recommendation, including any dissent, for the President prior to his decision on each special activity [e.g., covert operations] in support of national foreign policy objectives."

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not be achieved by overt means should also be considered. Each covert action project should be formally considered at a meeting of the OAG, and if approved, forwarded to the President for final decision. The views and positions of the participants would be fully recorded. For the purpose of the OAG, presidential, and congressional considerations, all so-called non-sensitive projects should be aggregated according to the extraordinary circumstances of contingency against which the project is directed.

38. By statute, the intelligence oversight committee(s) of Congress should require that the annual budget submission for covert action programs be specified and detailed as to the activity recommended. Contingency Reserve Fund projects should be funded from the Contingency Reserve Fund which should be replenished only after the concurrence of the oversight and any other appropriate congressional committees. The congressional intelligence oversight committee(s) should be notified prior to any withdrawal from the Contingency Reserve Fund.

39. By statute, any covert use by the U.S. Government of American citizens as combatants should be prevented by the notification required for all covert actions. The statute should provide that within 60 days of such notification, such use shall be terminated unless the Congress has specifically authorized such use. The Congress should be empowered to terminate such use at any time.<sup>21</sup>

40. By statute, the executive branch should be prevented from conducting any covert military assistance program (including the direct or direct provision of military material, military or logistical advice and training, and funds for interventions) without the explicit prior consent of the intelligence oversight committee(s) of Congress.

#### 1. The Position of the DCI

The Committee recommendations regarding the Director of Central Intelligence (pages 42-45) would, if implemented, increase his authority over the entire intelligence community. Given such increased authority, the Committee believes that both the executive branch and the intelligence oversight committee(s) of Congress should give careful consideration to removing the DCI from direct management responsibility for the Central Intelligence Agency. This would free the DCI to concentrate on his responsibilities with regard to the entire intelligence community and would remove him from any conflict of interest in performing that task. It might also increase the accountability of senior position—a Director of the Central Intelligence Agency—responsible for only the CIA.

#### 2. The Structure of the CIA

The Committee believes that several important problems uncovered in the course of this inquiry suggest that serious consideration also be given to major structural change in the CIA—in particular, signing



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rating national intelligence production and analysis from the clandestine service and other collection functions. Intelligence production could be placed directly under the DCI, while clandestine collection of foreign intelligence from human and technical sources and covert operations would remain in the CIA.

The advantages of such a step are several:

- The DCI would be removed from the conflict of interest situation of managing the intelligence community as a whole while also directing a collection agency.
- The concern that the DCI's national intelligence judgments are compromised by the impulse to justify certain covert action operations or by the close association of the analysts with the clandestine service would be remedied.
- The problem, seen by some in the intelligence community, of bias on the part of CIA analysts toward the collection resources of the CIA would be lessened.
- It would facilitate providing the intelligence production unit with greater priority and increased resources necessary for improving the quality of its finished intelligence.
- Tighter policy control of the Clandestine Service by the National Security Council and the Department of State would be possible.
- The Director would be able to focus increased attention on monitoring Clandestine Services.
- Internal reorganization of the Directorate for Intelligence and the remainder of the CIA could be facilitated.

There are potential drawbacks as well:

- The Director of Central Intelligence might lose the influence that is part of having command responsibility for the clandestine services.
- The increasing, though still not extensive, contact between national intelligence analysts and the Clandestine Service for the purpose of improving the espionage effort might be inhibited.
- The DCI would have managerial responsibility over the former CIA analysts which might place him in a conflict-of-interest situation in regard to the production of intelligence.
- The increased number of independent agencies would increase the DCI's coordination problems.
- If the clandestine services did not report to the DCI, there would be the problem of establishing an alternative chain of command to the President.
- The Clandestine Service might be downgraded and fail to secure adequate support.

Nonetheless, on balance, the Committee believes such a separation of functions and consequent possible realignments in authority within the intelligence community merit serious consideration.

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#### *Recommendations*

41. The intelligence oversight committee(s) of Congress in the course of developing a new charter for the intelligence community should give consideration to separating the functions of the DCI and the Director of the CIA and to dividing the intelligence analysis and production functions from the clandestine collection and covert action functions of the present CIA.

#### H. RELATIONS WITH UNITED STATES INSTITUTIONS AND PRIVATE CITIZENS

In the immediate postwar period, as the communists pressed to influence and to control international organizations and movements, mass communications, and cultural institutions, the United States responded by involving American private institutions and individuals in the secret struggle over minds, institutions, and ideals. In the process, the CIA subsidized, and even helped develop "private" or non-government organizations that were designed to compete with communists around the world. The CIA supported not only foreign organizations, but also the international activities of United States student, labor, cultural, and philanthropic organizations.

These covert relationships have attracted public concern and this Committee's attention because of the importance that Americans attach to the independence of these institutions.

The Committee found that in the past the scale and diversity of these covert actions has been extensive. For operational purposes, the CIA has:

- Funded a special program of a major American business association;
- Collaborated with an American trade union federation;
- Helped to establish a research center at a major United States university;
- Supported an international exchange program sponsored by a group of United States universities;
- Made widespread use of philanthropic organizations to fund such covert action programs.

The Committee's concern about these relationships is heightened by the Agency's tendency to move from support to use of both institutions and individuals. For example, the initial purpose of the Agency's funding of the National Student Association was to permit United States students to represent their own ideas, in their own way, in the international forums of the day. Nevertheless, the Committee has found instances in which the CIA moved from general support to the "operational use" of individual students.<sup>22</sup> Contrary to the public's understanding, over 250 United States students were sponsored by the CIA to attend youth festivals in Moscow, Vienna and Helsinki and

<sup>22</sup> Operational use, according to CIA directives, means performing services in support of the CIA Operations Directorate, and may include the recruitment, application, or training of any individual for such purposes as providing cover and collecting intelligence.